



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

January 19, 2010

Helen D. Haskins, Court Administrator
Civil Courts Building, Room 412
10 N. Tucker Boulevard
St. Louis, MO 63101

RE: Juvenile Personal Property (Project #2009-45)

Dear Ms. Haskins:

Enclosed is the Internal Audit Section special review of the Juvenile Detention Center (JDC), Juvenile Personal Property for the period July 1, 2008 through February 28, 2009. The audit objectives were to determine if JDC effectively and efficiently manages risks to ensure:

- Accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of financial and operational information
- Economic and efficient use of resources

Fieldwork was completed on April 7, 2009. Management's response to the observation and recommendation noted in the report were received on January 12, 2010, and has been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and at the request of JDC's management.

If you have any questions, please contact the Internal Audit Section (314) 622-4723.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Kathryn Herman, Assistant Court Administrator/Juvenile Officer
Allen Irving, Superintendent JDC
Gerald W. Hayes, Assistant Superintendent, JDC
Deborah L. Crescenzo, Business Office Manager, JDC



CITY OF ST. LOUIS

TWENTY-SECOND JUDICIAL CIRCUIT COURT

JUVENILE DIVISION - FAMILY COURT

JUVENILE PERSONAL PROPERTY

SPECIAL REVIEW

JULY 1, 2008 THROUGH FEBRUARY 28, 2009

PROJECT #2009-45

DATE ISSUED: JANUARY 19, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
TWENTY –SECOND JUDICIAL CIRCUIT COURT
JUVENILE DIVISION - FAMILY COURT
JUVENILE PERSONAL PROPERTY
SPECIAL REVIEW
JULY 1, 2008 THROUGH FEBRUARY 28, 2009**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a special review of the Juvenile Detention Center (JDC), Juvenile Personal Property. The purpose was to determine if JDC effectively and efficiently manages risks to ensure:

- Accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of financial and operational information
- Economic and efficient use of resources


Conclusion

The opportunity exists for JDC to improve the internal controls over operational and fiscal activities pertaining to Juvenile Personal Property. The following was noted in the review:

1. Opportunity to improve internal controls to safeguard juveniles' personal property

The observation is discussed in more details in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and at the request of JDC's management.



Dr. Kenneth M. Stone, CPA
Internal Audit Executive



Date

**CITY OF ST. LOUIS
TWENTY- SECOND JUDICIAL CIRCUIT COURT
JUVENILE DIVISION - FAMILY COURT
JUVENILE PERSONAL PROPERTY
SPECIAL REVIEW
JULY 1, 2008 THROUGH FEBRUARY 28, 2009**

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INTRODUCTION

Background

The mission of the Juvenile Division - Family Court is to administer justice with compassion, dignity and respect and in a manner that promotes child protection, safe communities, and juvenile competency through holding juveniles accountable, repairing harm to victims, and strengthening families.

The Juvenile Division of the Family Court is made up of the child protection, special services, legal, detention, administrative and judicial departments.

JDC operates seven days a week, 24 hours a day. The center is a secure facility where juveniles are detained by order of the Juvenile Court pending a hearing on delinquent matters. The purpose of holding a juvenile in detention is merely to safeguard the juvenile or others pending adjudication of the petition filed in the juvenile's interest. Residents range in age from 11-17 years, and they can be expected to remain for an average stay of 20 days.

Purpose

The purpose was to determine if the JDC effectively and efficiently manages risks to ensure:

- Accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of financial and operational information
- Economic and efficient use of resources

Scope and Methodology

The review was confined to evaluating internal controls over the JDC operational and fiscal activities pertaining to juveniles' personal property. The audit procedures included inquiries of management and staff, observation of relevant processes, and reviews for compliance with policies and procedures, as well as applicable laws and regulations. Limited tests of controls, follow-ups on prior audit observations, and other procedures considered necessary were performed. The fieldwork was completed on April 7, 2009.

Exit Conference

An exit conference was conducted at JDC on January 12, 2010. JDC was represented by Kathryn Herman, Assistant Court Administrator/Juvenile Officer and Deborah Crescenzo, Business Office Manager. The Internal Audit Section was represented by Dorothy Middleton, Auditor II and Olaide Hassan, Auditor-in-Charge.

INTRODUCTION

Management's Responses

Management's responses to the observation and recommendation noted in this report were received from the JDC on January 12, 2010, and have been incorporated into this report.

OBSERVATIONS

Status of Prior Observations

There were no prior internal and external audits performed on Juvenile Personal Property.

Summary of Current Observations

The opportunity exists for the JDC to improve internal controls over the operational and fiscal activities pertaining to Juvenile Personal Property. The following was noted in the review:

1. Opportunity to improve internal controls to safeguard juveniles' personal property

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Improve Internal Controls To Safeguard Juveniles' Personal Property

JDC's policies and procedures did not include adequate internal controls to properly safeguard juveniles' personal property. There were no control processes within the policies and procedures to address the following:

A. Unclaimed Property Controls

- The juveniles' relatives are contacted by JDC officers to pick up unclaimed property found after they were released, however there are instances when the relatives cannot be reached at the addresses provided. This process is also not documented.
- The property is located in a secured storage area and according to management, the property has little or no value. In addition, there were no control procedures for lost property.

In the event a value is determined for unclaimed property, management should comply with the Revised Statutes of Missouri (RSMo 447.539.9) which requires abandoned property to be reported to the State after five years. Also, if records have not been kept, then the abandoned property amount to report must be estimated using generally accepted accounting principles.

Failure to maintain proper records of unclaimed property may result in loss of property, law suits and violation of State law.

B. Physical Inventory Controls

- JDC recently conducted a physical inventory, however the inventory was not documented. Therefore, there was no evidence that the property in storage agreed with the property log and discrepancies agreed with the release records.

Failure to document the results of the physical inventory increases the risks that any differences noted will not be resolved, and increases the risks of loss or theft.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Recommendation

We recommend that management update the policies and procedures to include internal controls to safeguard juveniles' personal property. The control procedures should address the following:

- Process for handling juvenile unclaimed and lost personal property
- Process for complying with the State law on unclaimed property with value
- Periodic physical inventories and reconciliation to the admissions and released property records. The inventories and the reconciliations should be documented.

It is also recommended that the updated policies and procedures be approved by management and communicated to all appropriate personnel.

Management's Responses

The audit of the personal property was done at the request of the court to look for areas of possible improvement.

Personal property is counted and listed separately by two different staff members upon entry of the juvenile into detention. The juvenile signs that the property listing is correct. Upon release, the juvenile again signs that they received their property. The inventory remains under lock and key. There have been very few losses of property. Of the 947 admissions in 2008, there were no lost item claims. Of the 660 detention admissions through the third quarter of 2009, one claim was made for a lost item.

We will update our written procedures for unclaimed juvenile property and the inventory procedures.